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NO.

IN THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1982

SONA FOOD PRODUCTS COMPANY)
)
PETITIONER,)
)
v.)
)
HAIN PURE FOOD CO., INC.)
)
RESPONDENT.)

PETITION FOR WRIT OF
CERTIORARI TO THE
U.S. COURT OF APPEALS
FOR THE NINTH CIRCUIT

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THE QUESTION PRESENTED FOR REVIEW

Is the mere likelihood of confusion rather than actual confusion sufficient to justify the award of an accounting in an unfair competition action brought under 15 U.S.C. §1125(a) (Lanham Act §43a)

PARTIES

All parties to the proceeding are contained in the caption of the case.

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REPORTS OF THE OPINIONS BELOW

The interlocutory summary judgment of the District Court entered Janu-

ary 30, 1978, ordering an injunction and accounting was not reported, but a copy thereof appears at Appendix 1 herein, the final opinion of the District Court entered May 19, 1980, was reported at 491 F.Supp. 39 and appears at Appendix 2 herein. The opinion of the United States Court of Appeals for the Ninth Circuit sought to be reviewed, presently unreported, appears at Appendix 3 herein. The order denying a rehearing appears at Appendix 4 herein.

GROUNDS FOR JURISDICTION OF THIS COURT

The judgment of the Ninth Circuit Court of Appeals sought to be reviewed was entered April 12, 1982, and a petition for rehearing of such decision was denied June 21, 1982.

The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

STATUTE INVOLVED

This case involves 15 U.S.C. §1125a (Lanham Act §43a) the text of which reads as follows:

> "Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing buisness in the locality falsely indicated as that of origin

> or the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of such false description or representation."

STATEMENT OF THE CASE

District Court Proceedings

Petitioner SONA and Respondent HAIN are Southern California-based competitors dealing in the marketing of health foods. The pertinent cause of action in the Complaint filed October 28, 1978, alleged Petitioner SONA to be guilty of unfair competition under 15 U.S.C. §1125 (Lanham Act §43a) resulting from Petitioner SONA's use of a label and trade dress similar to Respondent HAIN's label and trade dress on safflower oil and mayonnaise. 15 U.S.C. §1125(a) was the

basis for jurisdiction in the District Court. On January 31, 1978, the District Court entered a summary judgment against Petitioner SONA ordering an injunction against further unfair competition and an accounting of Petitioner's profits. Over the protest of Petitioner SONA, the District Court granted the accounting. Petitioner SONA has never objected to the injunction. The accounting hearing took place May 5, 1980, and a money judgment, which inter alia included an award of Petitioner's profits to Respondent HAIN, was entered in favor of Respondent HAIN May 21, 1980.

It is critical for the purpose of this Writ to note that prior to the accounting, Respondent HAIN failed to introduce any evidence that even a

single purchaser was actually deceived by Petitioner SONA's copying of Respondent HAIN's label or trade dress.

The Decision Of The Appellate Court

The pertinent issue raised by Petitioner SONA in the appeal to the Ninth Circuit Court of Appeals as quoted at page 1, line 27 of its decision (Appendix 3) reads as follows:

> "Whether the District Court properly granted an accounting under 15 U.S.C. §1125 or the common law theories in the absence of actual deception."

The appellate court's decision does not include any reference to "the common law theories," and instead refers only to 15 U.S.C. §1125.

With respect to the propriety of granting an accounting under 15 U.S.C. §1125, the appellate court held at page 1, line 32:

> "it is not necessary to show actual confusion in order to demonstrate that the trademark infringed or competed unfairly. The test is the 'likelihood of confusion,' and that is the test regardless of whether the violation is characterized as infringement, unfair competition, or false designation of origin. New West Corp. v. Nym Co., 595 F.2d 1194, 1201 (9th Cir. 1979). In this case, the appellant more than amply demonstrated a likelihood of confusion under the standards of New West, and there was no material fact issue. There existed a sufficient basis for both the injunctive relief and the order for an accounting."

The New West decision relied upon by the appellate court in this case coincidentally was an appeal from a motion for summary judgment granted by the same

District Court judge who awarded both an injunction and an accounting in this case. In New West, as in this case, the Ninth Circuit Court of Appeals affirmed the District Court's award of both an injunction and an accounting even though no actual confusion was established, merely the likelihood of confusion. A copy of New West appears at Appendix 5 herein.

REASONS FOR GRANTING THE WRIT

This Writ should be granted to resolve the direct conflict between the Third, Sixth, and Seventh Courts of Appeals on the one hand and the Ninth Circuit Court of Appeals on the other hand on the same matter of federal law, namely, whether or not the mere likelihood of

confusion, rather than actual confusion, is sufficient to justify the award of an accounting in an unfair competition action brought under 15 U.S.C §1125(a) (Lanham Act §43a).

In direct conflict with the Ninth Circuit Court of Appeals, the Third, Sixth, and Seventh Courts of Appeals require actual confusion before an accounting for damages will be awarded, although the mere likelihood of confusion will justify an injunction. This point was apparently first established in Parkway Baking Co. v. Freihoffer Baking Co., 225 F.2d 641 (1958), wherein the court held:

> "However, a plaintiff in order to make out a cause of action for damages under Section 43(a) must

show not only that the defendant's advertisement is false, but also that this falsification actually deceives a portion of the buying public. Gold Seal Co. v. Weeks, 129 F.Supp. 928, 940, 105 USPQ 405, 415 (D.C.D.C. 1955), aff'd sub nom. in S.C. Johnson & Son v. Gold Seal Co. 230 F.2d 832, 108 USPQ 400 (D.C. Cir. 1956), cert. den. 352 U.S. 829, 111 USPQ 467 (1956); Bechik Products, Inc. v. Federal Silk Mills, Inc., 135 F.Supp. 570, 107 USPQ 218 (D.C. Md. 1955). This does not place upon the plaintiff a burden of proving detailed individualization of loss of sales. Such proof goes to quantum of damages and not to the very right to recover. However, there must be a showing of some customer reliance on the false advertisement." (Emphasis added)

The Seventh Circuit Court of Appeals agreed completely with the Third Circuit Court of Appeals in Hesmer Foods, Inc. v. Campbell Soup Co., 346 F.2d 356 (1965), cert. den., 382 U.S. 839 (C.A. 7, 1965). In Hesmer the appellate court affirmed a judgment of the

lower court in favor of defendant. Discussing plaintiff's federal unfair competition cause of action, the appellate court held:

> "Consumer deception is an integral part of a claim under §1125(a), 15 U.S.C. To establish a right to damages, actual deception must be shown. To obtain equitable relief, only a likelihood of consumer deception need be shown." (Emphasis added)

Just recently the Sixth Circuit Court of Appeals concurred with the Third and Seventh Circuit Courts of Appeals in Frisch's Restaurants, Inc., v. Elby's Big Boy of Steubenville, Inc., 670 F.2d 642 (Feb. 3, 1982), where at 670 F.2d 647 the following appears:

> "Although it is necessary to prove that the buying public was

> actually deceived in order to recover damages under §43(a) of the Lanham Act, Skil Corp. v. Rockwell International Corp., 375 F.Supp. 777 (N.D.Ill.1974), only a likelihood of confusion or deception need be shown in order to obtain equitable relief. Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., [604 F.2d 200 (2d Cir. 1979)]." (Emphasis added)

Compare the above-quoted language of the Second, Sixth, and Seventh Circuit Courts of Appeals with the following language of the Ninth Circuit Court of Appeals in this case:

> "the appellant more than amply demonstrated a likelihood of confusion under the standards of New West, and there was no material fact issue. There existed a sufficient basis for both the injunctive relief and the order for an accounting."

A comparison of the above-quoted

pronouncements clearly establishes an irreconcilable conflict between the Second, Sixth, and Seventh Circuits on the one hand and the Ninth Circuit on the other hand.

This question is of importance in the proper administration of the trademark laws as set forth in the Lanham Act. The conflict in the appellate court decisions should be promptly resolved since there are considerable number of suits pending in the lower courts which will turn on a resolution of this issue, the filing of actions under 15 U.S.C. §1125(a) asserting federal unfair competition being on the rise.

Unless this Writ is granted, the trial courts of the Ninth Circuit will

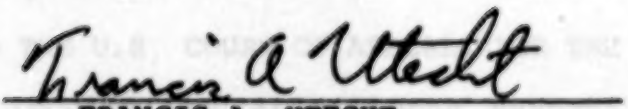
continue to order expensive and time-consuming accountings in 15 U.S.C. 1125(a) cases based upon the mere likelihood of confusion. An injunction affords adequate relief in these cases, particularly since the prevailing plaintiff can be awarded its attorneys' fees under the Lanham Act in addition to an injunction.

CONCLUSION

For the reasons set forth above, this Writ should be granted and the Ninth Circuit Court of Appeals brought into

step with the Third, Sixth, and Seventh Courts of Appeals.

Respectfully submitted,



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CERTIFICATE OF SERVICE

FRANCIS A. UTECHT, the undersigned counsel for Petitioner, certifies that on this 16th day of August, 1982, the foregoing "PETITION FOR WRIT OF CERTIORARI TO THE U.S. COURT OF APPEALS FOR THE NINTH CIRCUIT" was served upon Respondent HAIN PURE FOOD CO., INC., by sending three copies by U.S. first-class mail, postage prepaid, addressed to Lyon and Lyon, 800 Wilshire Boulevard, Suite 900, Los Angeles, California, 90017, attorneys for Respondent, pursuant to Rule 5(b).

DATE: August 16, 1982

Francis A. Utecht

FRANCIS A. UTECHT
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